

CONTACT FINANCIAL ANNOUNCES 1Q-2022 RESULTS

Contact started the new year building on last year's record-breaking performance to deliver broad-based growth across its financing and insurance divisions

Cairo, 24 May 2022

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-bank financial services provider, announced today its consolidated financial results for the quarter ending 31 March 2022, reporting net income after minority interest of EGP 154 million, up 40% from the corresponding quarter of last year.

1Q-2022 Key Financial and Operational Highlights¹

	1Q-2021	1Q-2022	Change
Financing Division			
Total Portfolio (EGP bn)	8.73	11.47	31%
Financing Operating Income (EGP mn)	232	361	55%
Financing Net Income (EGP mn)	96	141	46%
Insurance Division			
Gross Written Premiums (EGP mn)	125	252	102%
Insurance Operating Income (EGP mn)	46	57	22%
Insurance Net Income (EGP mn)	13	18	39%
Consolidated Results			
Total Operating Income (EGP mn)	282	419	48%
Net Income (EGP mn)	109	154	40%
Annualized Return on Average Equity	21.9%	25.6%	3.7 pts

Contact's financing division reported a 47% year-on-year rise in new financing extended in the first three months of the year, to record EGP 2.50 billion versus EGP 1.70 billion this time last year. The strong year-on-year expansion was principally supported by growing demand across the division's consumer finance, mortgage and commercial vehicles products. New financing growth led to a 46% year-on-year rise in financing net income which reached EGP 141 million in 1Q-2022. At the insurance division, gross written premiums more than doubled year-on-year to record EGP 252 million in 1Q-2022 versus EGP 125 million in the first three months of last year. The increase was supported by solid results posted by both insurance companies, which continued to leverage an expanded product offering and cross-selling capabilities. Insurance net income increased 39% versus last year's figure to record EGP 18 million in 1Q-2022.

Consolidated net income on a comparative basis, adjusting for the new accounting treatment for rent and newly incurred losses in the tech investment group, recorded EGP 172 million with an increase of 57% on a like for like basis.

Commenting on the results, management said: "We are delighted to have kicked off the new year right where we had left off at the end of 2021, delivering strong growth across both divisions while pushing forward on our longer-term growth strategy. Our solid results for the first quarter once again highlight the effectiveness of our investment strategy which has seen us systematically expand our direct-to-consumer reach, through both our physical and digital channels, and our product offering, with the roll out of multiple new financing and insurance products over

¹ During Q4-2021, the Group successfully updated its audited financial statements to present both its segmental Financing and Insurance division performance and its off-balance sheet arrangements, such as portfolios under management and contribution of certain associates, in a manner that better reflects its business activities without the need to issues separate reclassified management accounts. Full-year figures included in this release for both periods reflect such changes.

the last twelve months. This has enabled us to continue growing despite the challenging macroeconomic environment faced during the quarter, with global supply chain issues, rising inflation, and the economic spillovers of the Russian-Ukraine conflict impacting economic activity at home and across the globe. At our insurance division, both companies continued to capitalize on the positive momentum witnessed throughout 2021 to report solid growth during the first quarter of the new year. We were happy to note the growing contributions coming from our newer product launches, testament to our ability to launch new products which can generate value from the outset. Furthermore, Contact Insurance Brokerage received two prestigious awards including Best Innovative Insurance Company for 2021 offering retail and micro-insurance, and Best Insurance Brokerage Offering Micro-insurance by the Egyptian Insurance Federation in Egypt for 2022. Moreover, the insurance brokerage arm recently obtained the ISO 9001:2021 certification highlighting our full and consistent adherence to regulations and industry best practices.”

On a product basis, the Consumer Financing segment, which includes Contact Shopping, reported a near fivefold year-on-year increase in new financing extended driven by growing interest for the division’s newer loan products including home interiors, club memberships, and education financing. Meanwhile, the Contact App, which has been operational for just over a year, continued to record rising customer interest, with total downloads increasing 35% versus the previous quarter to reach 105 thousand as at 31 March 2022. Several new AI-based programs were launched on the app, providing instant credit approvals, enhancing customer acquisition, and increasing reach. These will be expanded significantly in the coming months. Separately, Contact Pay successfully onboarded billing networks with services to be launched soon in branches and on the Contact App.

Looking at the division’s other segments, Contact Trucks and Mortgage segments both recorded strong year-on-year growth, with new financing extended growing 119% and 122%, respectively. Contact Trucks growth was supported by new product launches as well as a gradual normalization in domestic market combined with the near-complete removal of cross border trading restrictions. Meanwhile, at Contact Mortgage, new lending growth came on the back of rising activity on low-income mortgage and higher home equity loans. Increasing transaction volumes was also enhanced by the further streamlining of application processes. Contact Auto recorded an 7% year-on-year increase in new financing despite challenges in the passenger car market posed by global supply chain disruptions, the recent changes to import regulations in Egypt, and the impacts of March’s devaluation of the Egyptian Pound. At Contact Medical, new financing grew 8% versus the same three months of last year as demand continued to expand on the back of an increased market reach. Finally, Contact’s Working Capital offering which includes all of its short-term factoring products reported an eightfold year-on-year expansion in new financing extended in the three-month period.

“In line with our expectations, throughout the first quarter the passenger car market was impacted by ongoing disruptions in global supply chains. However, thanks to our diversification strategy, which in the last year has seen us focus increasingly on non-auto financing, we were able to continue driving growth in new financing in line with our trajectory. It is also worth highlighting that the impact on new financing of the CBE’s 100 basis points interest rate hike in March 2022 has thus far been limited, with demand remaining strong across our portfolio. Looking ahead, while we hope supply chain-related disruptions will ease gradually heading into the second half of the year, we anticipate supply for private cars and technology goods to be impacted by the recent devaluation of the Egyptian Pound and recently imposed import restrictions. Nonetheless, we are confident that the broad range of financing products offered by Contact, our extensive market reach, the superior quality of our portfolio, and the proven efficacy of our credit risk assessment procedures, continue to provide a robust buffer against possible future disturbances,” **management added.**

At the Insurance division, Sarwa Life’s GWP recorded an impressive 196% year-on-year increase to reach EGP 129 million. Strong growth for the quarter was primarily driven by medical insurance, in addition to a starting contribution from the recently launched SME life and health products. On a similar note, Sarwa Insurance saw its

GWPs increase 52% versus the first quarter of last year to record EGP 123 million in 1Q-2022. Higher GWPs reflect the company's increased reach and market penetration, which come on the back of multiple new branch openings and an expanded online presence.

Finally, Contact's recently relaunched contactcars.com platform continued its steady ramp up, with the portal recording nearly 1.2 million unique users per month throughout 1Q-2022, with its user return rate standing steadily above the 60% mark. Throughout the quarter, Contact continued to expand the platform's offering rolling out a revamped AI-based pricing tool, while also relaunching its classifieds advertisement section with a simpler and faster upload process for the end user, and its optimized search tool. The new additions are helping to boost user engagement, in turn guaranteeing an additional driver of short- and longer-term growth for the company.

"Contact's results for the first three months of the year reinforce our confidence in our long-term growth strategy and the strong fundamentals of the Egyptian market. While we expect to continue facing a difficult operating environment throughout 2022, our priorities for the year remain unchanged. Front and central in our list of priorities is the enhancement of our digital capabilities. For us this means both developing new tools and channels to engage with our customers while simultaneously growing our digital offering. On this latter front, we are pleased to note that Contact Pay's services are now accessible through the Contact App, further broadening the platform's offering and improving user experience. In parallel, over the last year we have been actively looking to grow our digital presence through strategic partnerships with companies which are providing innovative digital solutions that support the needs of customers in our market. To this end, in February 2022 we finalized a USD 9 million investment in e-commerce super-app Wasla. The partnership, which is directly in line with our digital ambitions, will allow us to better engage consumers at the beginning of their e-commerce journey while they search, discover, and shop online. This is only the latest investment Contact has made in the last twelve months, with other landmark tie-ups including our partnership with Sakneen and Sa3ar, as well as our additional investment in Synapse Analytics. In the coming months, we will continue to survey the market for innovative opportunities to invest in as we look for new ways of serving our expanding audience, and continue to transform the way consumers and businesses access financial services," **management concluded.**

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About Contact Financial

Contact Financial Holding SAE (CNFN.CA) is the largest non-bank financial services provider in Egypt changing the way people and business access finance and insurance. Operating since 2001, Contact adopts innovative approaches in extending its services, offering quality services with simple procedures and reaching a wide client base through its various subsidiaries, affiliates and partners. Contact's financing division offers market leading services including consumer financing for new and used passenger and commercial vehicles and an array of consumer durables through Contact Credit, home finishing through Contact Mortgages, as well as commercial finance through Contact Leasing and Contact Factoring. Contact operates in insurance through Sarwa Insurance and Sarwa Life Insurance. Contact also offers an array of corporate financing services including securitization, structured debt and debt investment management. Contact Financial Holding SAE is authorized and regulated by the Financial Regulatory Authority (FRA).

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